

ORIGINAL



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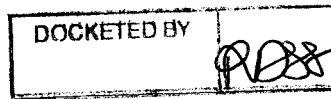
ADMITTED TO PRACTICE IN:  
ARIZONA, COLORADO, MONTANA,  
NEVADA, TEXAS, WYOMING,  
DISTRICT OF COLUMBIA

July 12, 2011

Arizona Corporation Commission  
**DOCKETED**

JUL 15 2011

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007



RECEIVED  
2011 JUL 15 A 9:07  
AZ CORP COMMISSION  
DOCKET CONTROL

Re: Information Related to Seventh Ordering Paragraph  
Compliance Condition in Decision No. 72002  
Docket No. W-20689A-09-0327  
and Docket No. W-04236A-09-0327

To Whom It May Concern:

The enclosed copy of a July 8, 2011 letter to Carmel Hood of the Utilities Division Staff and the various documents attached thereto are being submitted upon behalf of Gary Smyth as evidence of his efforts to date to comply with the compliance condition set forth in the Seventh Ordering Paragraph of Decision No. 72002. In that regard, the transaction by means of which Tierra Linda Homeowners Association, Inc. ("HOA") conveyed its water system assets to Mr. Smyth closed on April 11, 2011.

On June 20, 2011, a representative of Mr. Smyth provided information to the Commission indicating that the water loss experienced on the HOA's water system during calendar 2010 was less than the 10% standing referenced in the aforesaid Seventh Ordering Paragraph. This representation was based upon Mr. Smyth's knowledge as of that point in time. Thereafter, on June 30, 2011, Ms. Hood communicated with a representative of Mr. Smyth regarding the HOA's water loss history; and, as a result of such communication, Mr. Smyth and his staff subsequently discovered that in fact the water loss being experienced on the recently acquired system had exceeded the 10% standard. The details pertaining to this matter are more fully discussed in the enclosed copy of the aforementioned July 8, 2011 from a representative of Mr. Smyth to Ms. Hood.

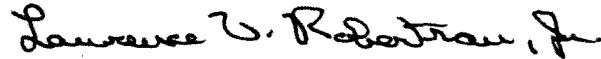
As indicated in the July 8, 2011 letter, Mr. Smyth and his staff have initiated a course of action intended to address the water loss situation. That information is discussed in the July 8, 2011 letter to Ms. Hood and the accompanying documents. In that regard, Mr. Smyth and the

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undersigned believe that such information is indicative of Mr. Smyth's good faith efforts to satisfy the requirements of the compliance condition in question; and, Mr. Smyth will continue to advise the Commission and its staff of his progress.

Please advise me if you have any questions regarding this letter or the enclosed information.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence V. Robertson, Jr.", with a stylized flourish at the end.

Lawrence V. Robertson, Jr.

cc: Carmel Hood  
Gary Smyth/Lisa Sullivan

TIERRA LINDA WATER COMPANY  
PO BOX 14858  
TUCSON, AZ 85732  
(520) 495-5771 PHONE  
(520) 838-8778 FAX  
www.smythutilities.com

Carmel Hood  
Arizona Corporation Commission  
1200 West Washington St.  
Phoenix, AZ 85007

July 8, 2011

Dear Carmel:

I have prepared the following responses to the questions posed in your email of June 30, 2011.

**1. PLEASE PROVIDE DOCUMENTS OF ANY INFORMATION THAT SUPPORTS THE PROPOSED ADJUSTMENT TO ACCOUNT FOR THE UNBILLED/UNAUTHORIZED USE OF WATER.**

As you know, Gary Smyth purchased Tierra Linda Water in April 2011. At that time we were told that the water loss was under 10%. I did not verify that number prior to having our attorney prepare documents to that effect.

I obtained the actual water usage data from January 2011 through April 2011 from the previous operator and added the data we have compiled from April 2011 to date. The figures show that there has been substantial water loss at Tierra Linda.

We have been investigating the matter and have found that some of the meters installed at Tierra Linda are not reading accurately. Many of these meters are not showing any water usage at all. We replaced one meter in early June (Exhibit C) and another 2 in early July (Exhibits D and E). Already our loss ratio is improving. We are planning to replace 4 additional meters this month (Exhibits F, G, H and I).

I have also been in contact with the assistant fire chief for Picture Rocks Fire District. He agreed to call me if they pull water and let me know the approximate gallons used so that I can account for the loss. We also plan to install hydrant locks in the near future if we feel that water is being taken without authorization from the hydrants.

TIERRA LINDA WATER COMPANY

- 2. USING DATA FROM THE WATER USE DATA SHEET, PLEASE SHOW HOW THE COMPANY CALCULATED A WATER LOSS OF LESS THAN 10%, BY PROVIDING SPECIFIC NUMBERS AND INFORMATION ON GALLONS PUMPED, GALLONS SOLD, AND GALLONS PURCHASED, TO INCLUDE SPECIFICS ON WATER UNMETERED AND LOST DUE TO THEFT.**

The water loss was not less than 10% as previously reported. I have calculated the average loss ratio for January – June 2011 to be 20.73%. This is unacceptable and we are systematically investigating the loss and taking corrective action.

- 3. SUBMIT A REVISED WATER USE DATA SHEET IF APPROPRIATE TO SHOW DETAILED INFORMATION.**

I believe that the Water Use Data Sheets provided by the previous operator were accurate. The only error was in the loss calculations. The lost water due to theft was from a hydrant in the rear of the subdivision I am told.

- 4. SUBMIT A WATER USE DATA SHEET FOR THE PERIOD OF JANUARY THROUGH JUNE 2011 AS EARLY AS POSSIBLE.**

Please see the attached Water Use Data Sheet marked as Exhibit A

Please let me know if I can be of further assistance. We consider the water loss issue to be very serious and will be taking corrective measures as needed. I will continue to monitor the loss ratio on a monthly basis and provide you with monthly reports until you feel that we have the water loss under control.

Thank you for your patience while I investigated the loss and compiled the data.

Sincerely,



Lisa Sullivan

Tierra Linda Water Company

# WATER USE DATA SHEET

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED	GALLONS PURCHASED
Jan 2011	63	447.10	521.00	—
Feb 2011	62	376.28	460.00	—
Mar 2011	62	386.38	609.00	—
Apr 2011	62	403.76	500.00	—
May 2011	63	497.13	653.00	—
June 2011	63	625.10	713.00	—
STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)	
Other Water Sources in Gallons per Minute —————→			GPM	
Fire Hydrants on System —————→			Yes	No
Total Water Pumped Last 13 Months (Gallons in Thousands) —————→				

2011	GALS BILLED	GALS PUMPED	Well #1	LOSS RATIO	READ DATE	BILL DATE	DUE DATE	BILL COUNT
READ AS OF 12/31/10			28237000					
JAN	447100	521000	28758000	14.18%	1/31/2011	1/31/2011	2/22/2011	63
FEB	376280	460000	29218000	18.20%	2/28/2011	2/28/2011	3/16/2011	62
MAR	386380	609000	29827000	36.56%	3/29/2011	3/29/2011	4/18/2011	62
APR	403760	500000	30327000	19.25%	4/26/2011	4/26/2011	5/16/2011	62
MAY	497130	653000	30980000	23.87%	5/26/2011	5/31/2011	6/20/2011	63
<b>JUN</b>	<b>625100</b>	<b>713000</b>	<b>31693000</b>	<b>12.33%</b>	<b>6/28/2011</b>	<b>6/28/2011</b>	<b>7/18/2011</b>	<b>63</b>
JUL								
AUG								
SEP								
OCT								
NOV								
DEC								

AS YOU CAN SEE, THE LOSS RATIO FOR JUNE HAS DECREASED DRAMATICALLY SINCE WE REPLACED A FEW METERS THAT WERE NOT REGISTERING ANY FLOW. I BELIEVE IT WILL BE UNDER 10% IN A FEW MONTHS IF MY WATER LOSS PREDICTIONS ARE ACCURATE.

WATER LOSS RATIO IS CALCULATED BY SUBTRACTING GALLONS BILLED FROM GALLONS PUMPED AND DIVIDING THAT NUMBER BY GALLONS PUMPED MULTIPLIED BY 100.

FOR EXAMPLE: IN JUNE 2011

$$\begin{array}{r}
 713000 - 625100 = 87900 \\
 87900 / 713000 = 0.1232819 \\
 \times 100 = 12.33\%
 \end{array}$$

## Usage Report

From: 06/01/2010 Through: 12/31/9999

Sorted By: Account Number

For 76A

EXHIBIT C

Service ID	Acct No.	Name	Service	Tran Date	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges	Prior Date	Prior Read	Current Date	Current Read
76	76A	WAIN COOPER				12848 W ZEBRA ALOE PL			1					
66111460	5/8" METER	WATER		06/30/2010	Gallons	11180	11180	0	0.00	55.18	05/29/2010	204210	06/30/2010	215390
66111460	5/8" METER	WATER		07/30/2010	Gallons	16480	16480	0	0.00	70.82	06/30/2010	215390	07/30/2010	231870
66111460	5/8" METER	WATER		08/31/2010	Gallons	9600	9600	0	0.00	50.52	07/30/2010	231870	08/31/2010	241470
66111460	5/8" METER	WATER		09/29/2010	Gallons	450	450	0	0.00	26.01	08/31/2010	241470	09/29/2010	241920
66111460	5/8" METER	WATER		10/30/2010	Gallons	50	50	0	0.00	25.11	09/29/2010	241920	10/30/2010	241970
66111460	5/8" METER	WATER		11/29/2010	Gallons	10	10	0	0.00	25.02	10/30/2010	241970	11/29/2010	241980
66111460	5/8" METER	WATER		12/31/2010	Gallons	0	0	0	0.00	25.00	11/29/2010	241980	12/31/2010	241980
66111460	5/8" METER	WATER		01/31/2011	Gallons	0	0	0	0.00	25.00	12/31/2010	241980	01/31/2011	241980
66111460	5/8" METER	WATER		02/28/2011	Gallons	0	0	0	0.00	25.00	01/31/2011	241920	02/28/2011	241920
66111460	5/8" METER	WATER		03/30/2011	Gallons	0	0	0	0.00	25.00	02/28/2011	241920	03/29/2011	241920
66111460	5/8" METER	WATER		04/26/2011	Gallons	0	0	0	0.00	25.00	03/29/2011	241920	04/26/2011	241920
66111460	5/8" METER	WATER		05/31/2011	Gallons	0	0	0	0.00	25.00	04/26/2011	241920	05/26/2011	241920
08797136	5/8" METER	WATER		06/28/2011	Gallons	6650	6650	0	0.00	41.82	05/26/2011	0	06/28/2011	6650
66111460	Y 5/8" METER	WATER		06/28/2011	Gallons	0	0	0	0.00	0.00	05/26/2011	241920	06/07/2011	241920
Grand Totals						44420	44420	0	0.00	444.48		0		0

Meter was replaced on 6/17/11. Registered usage gals from 6/17/11 to 6/28/11. Avg. per month = 9499

Potential loss from 9/29/10 to date is

+/- 85,500 gallons





Service ID	Acct No.	Name	Service	Tran Date	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges	Prior Date	Prior Read	Current Date	Current Read
Meter No.	Chngout	Size												

Grand Totals

WATER					Gallons	126330.	126330.	0.	0.00	1102.97		0		0
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Meter replaced July 5<sup>th</sup>. Usage from 7/5/11 to 7/8/11 was 8000 gallons. Avg mo usage +/- 75,000. gals

Loss for period of 9/20/10 to date =

+/- 719,000 gals

## Usage Report

From: 06/01/2010 Through: 12/31/9999

Sorted By: Account Number

For 118A

EXHIBIT E

Service ID		Acct No.		Name		Service Address				Route				Current		Current	
Meter No.	Chngout	Size	Service	Tran Date	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges	Prior Date	Prior Read	Current Date	Current Read			
118	118A		CRAIG CRISTELLO			13008 W MOSS VERBENA ST			1								
66111368	5/8" METER		WATER	06/30/2010	Gallons	12310.	12310.	0.	0.00	58.51	05/29/2010	579740	06/30/2010	592050			
66111368	5/8" METER		WATER	07/30/2010	Gallons	21380.	21380.	0.	0.00	86.58	06/30/2010	592050	07/30/2010	613430			
66111368	5/8" METER		WATER	08/31/2010	Gallons	2980.	2980.	0.	0.00	31.71	07/30/2010	613430	08/31/2010	616410			
66111368	5/8" METER		WATER	09/29/2010	Gallons	1150.	1150.	0.	0.00	27.59	08/31/2010	616410	09/29/2010	617560			
66111368	5/8" METER		WATER	10/30/2010	Gallons	1560.	1560.	0.	0.00	28.51	09/29/2010	617560	10/30/2010	619120			
66111368	5/8" METER		WATER	11/29/2010	Gallons	3550.	3550.	0.	0.00	32.99	10/30/2010	619120	11/29/2010	622670			
66111368	5/8" METER		WATER	12/31/2010	Gallons	4160.	4160.	0.	0.00	34.47	11/29/2010	622670	12/31/2010	626830			
66111368	5/8" METER		WATER	01/31/2011	Gallons	2350.	2350.	0.	0.00	30.29	12/31/2010	626830	01/31/2011	629180			
66111368	5/8" METER		WATER	02/28/2011	Gallons	820.	820.	0.	0.00	26.85	01/31/2011	629180	02/28/2011	630000			
66111368	5/8" METER		WATER	03/30/2011	Gallons	480.	480.	0.	0.00	26.08	02/28/2011	630000	03/29/2011	630480			
66111368	5/8" METER		WATER	04/26/2011	Gallons	240.	240.	0.	0.00	25.54	03/29/2011	630480	04/26/2011	630720			
66111368	5/8" METER		WATER	05/31/2011	Gallons	70.	70.	0.	0.00	25.16	04/26/2011	630720	05/26/2011	630790			
66111368	5/8" METER		WATER	06/28/2011	Gallons	60.	60.	0.	0.00	25.14	05/26/2011	630790	06/28/2011	630850			
Grand Totals			WATER		Gallons	51110.	51110.	0.	0.00	459.42		0		0			

Meter was replaced 7/5/11.

## Usage Report

From: 06/01/2010 Through: 12/31/9999

Sorted By: Account Number

For 069B

EXHIBIT F

Service ID	Acct No.	Name	Service	Tran Date	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges	Prior Date	Prior Read	Current Date	Current Read
69	069B	JAMIE DONOVAN												
65940365	5/8" METER	WATER		06/30/2010	Gallons	21590.	21590.	0.	0.00	87.32	05/29/2010	532240	06/30/2010	553830
65940365	5/8" METER	WATER		07/30/2010	Gallons	17180.	17180.	0.	0.00	72.88	06/30/2010	553830	07/30/2010	571010
65940365	5/8" METER	WATER		08/31/2010	Gallons	19490.	19490.	0.	0.00	79.97	07/30/2010	571010	08/31/2010	590500
65940365	5/8" METER	WATER		09/29/2010	Gallons	14250.	14250.	0.	0.00	64.24	08/31/2010	590500	09/29/2010	604750
65940365	5/8" METER	WATER		10/30/2010	Gallons	7470.	7470.	0.	0.00	44.24	09/29/2010	604750	10/30/2010	612220
65940365	5/8" METER	WATER		11/29/2010	Gallons	6380.	6380.	0.	0.00	41.02	10/30/2010	612220	11/29/2010	618600
65940365	5/8" METER	WATER		12/31/2010	Gallons	5000.	5000.	0.	0.00	36.95	11/29/2010	618600	12/31/2010	623600
65940365	5/8" METER	WATER		01/31/2011	Gallons	5010.	5010.	0.	0.00	36.98	12/31/2010	623600	01/31/2011	628610
65940365	5/8" METER	WATER		02/28/2011	Gallons	3610.	3610.	0.	0.00	33.12	01/31/2011	628610	02/28/2011	632220
65940365	5/8" METER	WATER		03/30/2011	Gallons	50.	50.	0.	0.00	25.11	02/28/2011	632220	03/29/2011	632270
65940365	5/8" METER	WATER		04/12/2011	Gallons	0.	0.	0.	0.00	25.00	03/29/2011	632270	04/12/2011	632270
Grand Totals						100030.	100030.	0.	0.00	546.83		0		0

Declining usage - meter will be replaced in July

# Usage Report

From: 06/01/2010 Through: 12/31/9999

Sorted By: Account Number

For 98A

EXHIBIT 9

Service ID	Acct No.	Name	Service	Tran Date	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges	Prior Date	Prior Read	Current Date	Current Read
98	98A	JASON ANDREWS AND ROBERT JONES	12957 W SUMMER POPPY ST											
65639912	5/8" METER	WATER	WATER	06/30/2010	Gallons	5840.	5840.	0.	0.00	39.43	05/29/2010	73850	06/30/2010	79690
65639912	5/8" METER	WATER	WATER	07/30/2010	Gallons	6250.	6250.	0.	0.00	40.64	06/30/2010	79690	07/30/2010	85940
65639912	5/8" METER	WATER	WATER	08/31/2010	Gallons	5460.	5460.	0.	0.00	38.31	07/30/2010	85940	08/31/2010	91400
65639912	5/8" METER	WATER	WATER	09/29/2010	Gallons	4770.	4770.	0.	0.00	36.27	08/31/2010	91400	09/29/2010	96170
65639912	5/8" METER	WATER	WATER	10/30/2010	Gallons	5160.	5160.	0.	0.00	37.42	09/29/2010	96170	10/30/2010	101330
65639912	5/8" METER	WATER	WATER	11/29/2010	Gallons	4840.	4840.	0.	0.00	36.48	10/30/2010	101330	11/29/2010	106170
65639912	5/8" METER	WATER	WATER	12/31/2010	Gallons	4750.	4750.	0.	0.00	36.21	11/29/2010	106170	12/31/2010	110920
65639912	5/8" METER	WATER	WATER	01/31/2011	Gallons	6210.	6210.	0.	0.00	40.52	12/31/2010	110920	01/31/2011	117130
65639912	5/8" METER	WATER	WATER	02/28/2011	Gallons	5220.	5220.	0.	0.00	37.60	01/31/2011	117130	02/28/2011	122350
65639912	5/8" METER	WATER	WATER	03/30/2011	Gallons	3590.	3590.	0.	0.00	33.08	02/28/2011	122350	03/29/2011	125940
65639912	5/8" METER	WATER	WATER	04/26/2011	Gallons	1260.	1260.	0.	0.00	27.84	03/29/2011	125940	04/26/2011	127200
65639912	5/8" METER	WATER	WATER	05/31/2011	Gallons	870.	870.	0.	0.00	26.96	04/26/2011	127200	05/26/2011	128070
65639912	5/8" METER	WATER	WATER	06/28/2011	Gallons	910.	910.	0.	0.00	27.05	05/26/2011	128070	06/28/2011	128980
Grand Totals		WATER			Gallons	55130.	55130.	0.	0.00	457.81		0		0

Declining usage - meter will be replaced in July

## Usage Report

From: 06/01/2010 Through: 12/31/9999

Sorted By: Account Number

For 102D

EXHIBIT H

Service ID	Acct No.	Name	Service	Tran Date	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges	Prior Date	Prior Read	Current Date	Current Read
102	102D	MYRON COWELL				12851 W SUMMER POPPY ST			1					
66111370	5/8" METER	WATER		09/29/2010	Gallons	770.	770.	0.	0.00	26.73	08/31/2010	233890	09/29/2010	234660
66111370	5/8" METER	WATER		10/30/2010	Gallons	5120.	5120.	0.	0.00	37.30	09/29/2010	234660	10/30/2010	239780
66111370	5/8" METER	WATER		11/29/2010	Gallons	150.	150.	0.	0.00	25.34	10/30/2010	239780	11/29/2010	239930
66111370	5/8" METER	WATER		12/31/2010	Gallons	500.	500.	0.	0.00	26.13	11/29/2010	239930	12/31/2010	240430
66111370	5/8" METER	WATER		01/31/2011	Gallons	1090.	1090.	0.	0.00	27.45	12/31/2010	240430	01/31/2011	241520
66111370	5/8" METER	WATER		02/28/2011	Gallons	0.	0.	0.	0.00	25.00	01/31/2011	241520	02/28/2011	241520
66111370	5/8" METER	WATER		03/30/2011	Gallons	1110.	1110.	0.	0.00	27.50	02/28/2011	241520	03/29/2011	242630
66111370	5/8" METER	WATER		04/26/2011	Gallons	90.	90.	0.	0.00	25.20	03/29/2011	242630	04/26/2011	242720
66111370	5/8" METER	WATER		05/31/2011	Gallons	80.	80.	0.	0.00	25.18	04/26/2011	242720	05/26/2011	242800
66111370	5/8" METER	WATER		06/28/2011	Gallons	7140.	7140.	0.	0.00	43.26	05/26/2011	242800	06/28/2011	249940
Grand Totals		WATER			Gallons	16050.	16050.	0.	0.00	289.09		0		0

Erratic usage - meter will be replaced in July

## Usage Report

From: 06/01/2010 Through: 12/31/9999

Sorted By: Account Number

For 119B

Service ID	Acct No.	Name	Service	Tran Date	Measure	Act Usage	Bill Usage	Adj Usage	Adj Amt	Charges	Prior Date	Prior Read	Current Date	Current Read
119	119B	MICHAEL MENZEL												
66111362-A	5/8" METER	WATER		06/30/2010	Gallons	50420	50420	0	0.00	188.22	05/29/2010	791830	06/30/2010	842250
66111362-A	5/8" METER	WATER		07/30/2010	Gallons	38460	38460	0	0.00	146.36	06/30/2010	842250	07/30/2010	880710
66111362-A	5/8" METER	WATER		08/31/2010	Gallons	39190	39190	0	0.00	148.92	07/30/2010	880710	08/31/2010	919900
66111362-A	5/8" METER	WATER		09/29/2010	Gallons	34170	34170	0	0.00	131.35	08/31/2010	919900	09/29/2010	954070
66111362-A	5/8" METER	WATER		10/30/2010	Gallons	50540	50540	0	0.00	188.64	09/29/2010	954070	10/30/2010	1004610
66111362-A	5/8" METER	WATER		11/29/2010	Gallons	67740	67740	0	0.00	248.84	10/30/2010	1004610	11/29/2010	1072350
66111362-A	5/8" METER	WATER		12/31/2010	Gallons	61980	61980	0	0.00	228.68	11/29/2010	1072350	12/31/2010	1134330
66111362-A	5/8" METER	WATER		01/31/2011	Gallons	67300	67300	0	0.00	247.30	12/31/2010	1134330	01/31/2011	1201630
66111362-A	5/8" METER	WATER		02/28/2011	Gallons	55880	55880	0	0.00	207.33	01/31/2011	1201630	02/28/2011	1257510
66111362-A	5/8" METER	WATER		03/30/2011	Gallons	22860	22860	0	0.00	91.76	02/28/2011	1257510	03/29/2011	1280370
66111362-A	5/8" METER	WATER		04/26/2011	Gallons	5940	5940	0	0.00	39.72	03/29/2011	1280370	04/26/2011	1286310
66111362-A	5/8" METER	WATER		05/31/2011	Gallons	6690	6690	0	0.00	41.94	04/26/2011	1286310	05/26/2011	1293000
66111362-A	5/8" METER	WATER		06/28/2011	Gallons	10740	10740	0	0.00	53.88	05/26/2011	1293000	06/28/2011	1303740
Grand Totals		WATER			Gallons	511910	511910	0	0.00	1962.94		0		0

Erratic reads - meter will be replaced  
in July